

Providence Equity LLP

Report and financial statements

For the year ended 31 December 2021



Providence Equity LLP

Members

PEP (UK) Holdings, L.L.C.

K Tabet

A Tisdale

D Rammal

(Resigned 24 December 2021)

R Sudo

S Krnic

R Schlosser

(Resigned 2 March 2021)

E Hughes

(Resigned 24 December 2021)

C Vernudachi

M Vervisch

S Lignier

D Zwicky

(Appointed 1 May 2021)

G Potter

(Appointed 1 September 2021)

Auditor

Ernst & Young LLP

25 Churchill Place

London

E14 5EY

Registered Office

28 St. George Street

London W1S 2FA

Bankers

NatWest Bank Plc

1 Princess Street

London EC2R 8BP

ING Luxembourg

Societe Anonyme

52, Route d'Esch

Luxembourg L-2965

Solicitors

Debevoise & Plimpton LLP

65 Gresham Street

London EC2V 7NQ

Providence Equity LLP

Members' Report

The members of Providence Equity LLP present the Members' Report and financial statements for the year ended 31 December 2021.

Principal activity and review of the business

The principal activity of Providence Equity LLP ("the LLP") is the provision of investment advisory services to its ultimate controlling party, Providence Equity Partners L.L.C. ("PEP LLC"). The Providence group provides investment management services to a range of private equity investment vehicles with an aggregate value of \$50bn as at 31 December 2021. The LLP is authorised and regulated by the Financial Conduct Authority.

Results and dividends

The profit of the LLP for the year is set out in the Statement of Comprehensive Income on page 8. The LLP's Statement of Financial Position as detailed on page 9 shows a satisfactory position, with Members' total interests amounting to £10,583,335 at 31 December 2021 and £14,352,067 at 31 December 2020.

Going concern

Whilst the LLP remains dependent on a single source of revenue from its affiliate company, the members are not aware of any reason that this agreement will be terminated within twelve months from the date of approval of these financial statements. The nature of the agreement with PEP (UK) Holdings, L.L.C. ("Parent") provides a high degree of certainty that the LLP will continue to be profitable, and, historically, the LLP has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature). The members believe that as a result of the capital contributions and the sub-advisory agreement, the LLP is well placed to manage its business risks successfully. The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for twelve months from the date of approval of these financial statements. Management has considered the impact of COVID-19 and determined accordingly that the LLP continues to adopt the going concern basis. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Members' profit allocation

Any profits are shared among the members in accordance with the LLP Agreement dated 25 October 2006 as amended on 4 April 2014. In accordance with Article 6.1b of the LLP Agreement, all income related profits of the LLP for the year are split between the members on a pro-rata basis. The LLP has no discretion to retain profits within the LLP. As such, all members' remuneration is recognised in the Statement of Comprehensive Income rather than as a distribution from capital.

Policy for members' drawings, subscriptions and repayment of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the LLP Agreement dated 25 October 2006 as amended on 4 April 2014. In accordance with the LLP Agreement, each member of the LLP has been required to make a capital contribution to the LLP. Additional capital contributions require the agreement of the Principal members of the LLP. Capital is repayable to the members of the LLP in the event of any member ceasing to be a member of the LLP (or on winding up). The LLP has no discretion to prevent such a repayment of capital. Accordingly, all capital contributions are classified as a liability.

Members are entitled to drawings from the LLP at the discretion of the members in anticipation of the allocation of future profits. If drawings are made in excess of allocated profits, the overdrawn balance shall be treated as an interest free loan by the LLP. Where aggregate profit allocations exceed cumulative drawings, the residual balance is shown as amount due to members.

Risk management

Given that the LLP's revenue is entirely derived from the Parent undertaking, the LLP's principal risks relate to the credit default and liquidity risks associated with the receipt of income on a timely basis from this counterparty. Management has also considered risks associated with COVID-19. These risks are managed through regular dialogue with the Parent undertaking to ensure that the LLP maintains sufficient working capital to meet its liabilities as they fall due.

Providence Equity LLP

Members' Report

Risk management (continued)

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to the LLP being subject to a fine or a ban on trading activities. This is managed through regular review of the LLP's compliance framework by Senior Management.

Members

The following members have held office during the year and to the date of this report:

PEP (UK) Holdings, L.L.C.

K Tabet

A Tisdale

D Rammal

(Resigned 24 December 2021)

R Sudo

S Kmic

R Schlosser

(Resigned 2 March 2021)

E Hughes

(Resigned 24 December 2021)

C Vernudachi

M Vervisch

S Lignier

D Zwicky

(Appointed 1 May 2021)

G Potter

(Appointed 1 September 2021)

The designated members are:

S Kmic

PEP (UK) Holdings, L.L.C.

Auditor

A resolution to reappoint Ernst & Young LLP as the LLP's auditor will be put to the members at the Annual General Meeting.

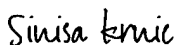
Statement of disclosure of information to the auditor

In the case of each of the persons who are members at the time when the report is approved:

- The designated members are not aware of any relevant audit information, being information needed by the auditor in connection with preparing its report, or which the auditor is not aware.
- The designated members also confirm that they have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of this information.

This report was approved by the Designated Members on 14 April 2022 and signed on their behalf by:

DocuSigned by:



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Designated Member

Providence Equity LLP

Statement of designated members' responsibilities in respect of the financial statements

The Designated Members are responsible for preparing financial statements and the Members' Report in accordance with applicable law and regulations.

The Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the Designated Members to prepare financial statements for each financial year. Under that law, the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under that legislation, the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Providence Equity LLP

Independent Auditor's Report to the members of Providence Equity LLP

Opinion

We have audited the financial statements of Providence Equity LLP for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests, the Statement of Cash Flows and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Providence Equity LLP

Independent Auditor's Report to the members of Providence Equity LLP

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of members

As explained more fully in the "Statement of designated members' responsibilities in respect of the financial statements" set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Providence Equity LLP

Independent Auditor's Report to the members of Providence Equity LLP

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 as applied to limited liability partnerships and the Statement of Recommended Practice "Accounting by Limited Liability Partnership") and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the LLP has to comply with laws and regulations relating to its operations, including the FCA rules.
- We understood how Providence Equity LLP is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing members' minutes and relevant policy and procedures manuals. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the LLP's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. We recalculated the revenue based on the transfer pricing arrangement applied by management and tested a sample of inputs in the calculation back to source documentation. We also used our internal transfer pricing specialists to review the appropriateness of the transfer pricing arrangement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints register, and review of members' meeting minutes.
- The limited liability partnership is a regulated investment manager under the supervision of the FCA. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Providence Equity LLP

Independent Auditor's Report to the members of Providence Equity LLP

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Mitul Shah (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 14 April 2022

Providence Equity LLP

Statement of Comprehensive Income

for the year ended 31 December 2021

		2021 £	2020 £
	<i>Notes</i>		
Advisory fees ("Turnover")	2	18,884,557	30,398,626
Administrative expenses		<u>(13,301,846)</u>	<u>(17,380,753)</u>
Operating profit	3	5,582,711	13,017,873
Rental income		276,539	275,783
Interest income		-	217
Interest expense		<u>(148,670)</u>	<u>(235,904)</u>
Profit for the year before members' remuneration		5,710,580	13,057,969
Members' remuneration charged as an expense	4	<u>(5,710,580)</u>	<u>(13,057,969)</u>
Profit for the year available for discretionary division among members		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

All operations are continuing.

The notes on pages 13 to 20 form an integral part of these financial statements.

Providence Equity LLP

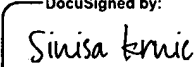
Statement of Financial Position

Registered No: OC316278

as at 31 December 2021

		2021 £	2020 £
	Notes		
Fixed assets			
Tangible assets	6	1,237	16,082
Long-term deposits	7	<u>1,486,779</u>	<u>2,973,559</u>
		1,488,016	2,989,641
Current assets			
Debtors	8	7,791,478	14,967,560
Cash at bank and in hand		<u>6,053,075</u>	<u>3,737,866</u>
		13,844,553	18,705,426
Creditors : amounts falling due within 1 year	9	<u>(3,262,455)</u>	<u>(4,369,441)</u>
Net current assets		<u>10,582,098</u>	<u>14,335,985</u>
Total assets less current liabilities		12,070,114	17,325,626
Creditors : amounts falling due after more than one year	10	<u>(1,486,779)</u>	<u>(2,973,559)</u>
Net assets attributable to members		<u>10,583,335</u>	<u>14,352,067</u>
Represented By:			
Loans and other debts due to members			
Members' capital classified as liability		510,000	510,000
Amounts due to members		10,073,335	13,842,067
Members' other interests			
Other reserves		-	-
		<u>10,583,335</u>	<u>14,352,067</u>
Total members' interests			
Members' capital classified as a liability		510,000	510,000
Amounts due to members		10,076,803	13,845,561
Amounts due from members		<u>(3,468)</u>	<u>(3,494)</u>
		<u>10,583,335</u>	<u>14,352,067</u>

The financial statements were approved and authorized for issue by the Designated Members and were signed on their behalf on 14 April 2022 by:

DocuSigned by:

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 Sinisa Kmic
 Designated Member

Date:

The notes on pages 13 to 20 form an integral part of these financial statements.

Providence Equity LLP

Reconciliation of Members' Interests

for the year ended 31 December 2021

	<i>Members' capital (classified as a liability)</i>	<i>Loans and other amounts due to/(from) members</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Members' interests at 1 January 2020	510,000	15,369,594	15,879,594
Members' remuneration charged as an expense	-	13,057,969	13,057,969
Capital introduced	10,200	-	10,200
Capital repaid	(10,200)	-	(10,200)
Payments to members	-	(14,585,496)	(14,585,496)
Members' interests at 31 December 2020	510,000	13,842,067	14,352,067
Members' remuneration charged as an expense	-	5,710,580	5,710,580
Capital introduced	25,500	-	25,500
Capital repaid	(25,500)	-	(25,500)
Payments to members	-	(9,479,312)	(9,479,312)
Members' interests at 31 December 2021	510,000	10,073,335	10,583,335
Amounts due to members		10,076,803	
Amounts due from members		(3,468)	

The notes on pages 13 to 20 form an integral part of these financial statements.

Providence Equity LLP

Statement of Cash Flows

for the year ended 31 December 2021

		2021 £	2020 £
	<i>Notes</i>		
Net cash inflow from operating activities	14a	11,990,023	12,138,307
Investing activities			
Proceeds on redemption of long-term deposit		<u>1,486,780</u>	<u>1,486,780</u>
Net cash flow from investing activities		1,486,780	1,486,780
Financing activities			
Interest paid		(148,670)	(235,904)
Principal payment of note payable		(1,486,780)	(1,486,780)
Issue of members' capital		25,500	10,200
Repayment of members' capital		(25,500)	(10,200)
Payments to members		<u>(9,479,312)</u>	<u>(14,585,496)</u>
Net cash flow used in financing activities		(11,114,762)	(16,308,180)
Increase (decrease) in cash and cash equivalents		2,362,041	(2,683,093)
Effect of exchange rates on cash and cash equivalents		(46,832)	(40,892)
Cash and cash equivalents at 1 January		<u>3,737,866</u>	<u>6,461,851</u>
Cash and cash equivalents at 31 December		<u><u>6,053,075</u></u>	<u><u>3,737,866</u></u>

The notes on pages 13 to 20 form an integral part of these financial statements.

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

1. Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis under the historical cost convention in accordance with requirements of the Companies Act of 2006 as applied to limited liability partnership by the Limited Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulation 2008 and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' dated 14 December 2018.

Statement of compliance with accounting standards

Providence Equity LLP is a limited liability partnership incorporated in England. The registered office of the LLP is 28 St. George Street, London SW1S 2FA. The financial statements of the LLP have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102').

Going concern

On 30 January 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. The COVID-19 outbreak has severely restricted the level of economic activity around the world. In response to this outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In response, the LLP has provided the ability for employees to work remotely in order to continue operations.

The full extent to which the COVID-19 pandemic may impact the LLP's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the LLP, the asset management industry and the economies in which the LLP operates. Management has performed a COVID-19 impact analysis as part of their going concern assessment using information available to the date of approval of these financial statements. In their assessment Management has considered the basis on which it receives management fees for acting as investment advisor to certain funds, any impact on COVID-19 might have on the fair value of the fund's investments and the LLP's fixed or variable ongoing expenses to operate. The nature of the agreement with the Parent entity provides a high degree of certainty that the LLP will continue to be profitable, and, historically, the LLP has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature).

Management expects there will be no material direct financial impact on the LLP as the income stream is fixed based on underlying commitments, the likelihood of default on which is considered remote. This income therefore is not vulnerable to market movements. The income stream is based on a percentage share of contractual capital commitments from underlying funds.

It is challenging to quantify at this juncture the overall impact of COVID-19 as financial markets continue to react to developments and the Parent and the LLP have a number of actions that they are able to take to protect profitability and solvency.

Management have determined that the LLP has sufficient financial resources and liquidity to meet its short-term liabilities for a period of 12 months from the date of approval of these financial statements. Accordingly, Management continues to adopt the going concern basis in preparing the LLP's financial statements.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Creditors

Short term creditors are recognised initially at the fair value which is equivalent to the amount of consideration expected to be required to settle the liability and are measured subsequently at amortised cost using effective interest method.

Fixed assets

Fixed assets consist of leasehold improvement costs. These items are recorded at cost, less depreciation and are being depreciated straight line over 15 years, the length of the related lease.

Long-term deposit

Long-term deposit represents a long-term non-interest bearing deposit required to collateralise a bank guarantee provided by a third party in relation to rental payments on the LLP's premises. Long-term deposit is recognised at fair value. Since the deposit is held with a reputable bank, management consider that the carrying amount of the long-term non-interest bearing deposit approximates to its fair value.

Debtors

Short term debtors are recognised initially at fair value, being the consideration receivable in respect of the asset, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Financial liabilities

The LLP considers its loan obligation to a related party meets the definition of a 'basic financial instrument'. Accordingly, the financial liability was recognised at the cost of the consideration received net of any transaction costs and is subsequently re-measured at amortised cost using the effective interest method.

Turnover

Turnover represents amounts receivable for investment advisory services provided during the year. Turnover is accounted for on an accruals basis net of VAT and rebates.

Leasing

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line accruals basis over the lease term.

Sub-lease income

The LLP sub-leases part of its office space to third party tenants. These lease arrangements are also classified as operating leases. Income receivable from these arrangements are recognised in the Statement of Comprehensive Income on a straight line accruals basis over the lease term with any lease incentives provided at the inception of the lease also recognised over the lease term.

Administrative expenses

Administrative expenses are recognised on an accrual basis.

Pension benefits

Contributions made by the LLP to a Group Personal Pension Scheme are recognised on an accrual basis in the Statement of Comprehensive Income in the period in which they become payable.

Taxation

No provision has been made for taxation in the financial statements of the LLP. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual members.

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)**Foreign currency**

These financial statements are presented in Pounds Sterling, which is the LLP's functional and presentation currency. Foreign currency transactions recorded by the LLP are initially recorded using the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Interest expense

Interest payable is recognised in the Statement of Comprehensive Income on an accrual basis using the effective interest method.

Estimates and judgements

In applying the LLP's accounting policies, the members may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year.

The members' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised.

The members are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

2. Turnover

Turnover arises from services performed in the United Kingdom and is attributable to fees for investment advisory services provided to related parties (see note 12).

3. Operating profit

This is stated after charging:

	2021 £	2020 £
Auditor's remuneration:		
Audit services	35,800	34,600
Non audit services :		
Regulatory CASS audit	6,000	5,800
Tax compliance services	22,500	61,400
	<u>64,300</u>	<u>101,800</u>
Operating lease rentals: land and buildings	2,454,978	2,274,103
Depreciation of fixed assets	14,845	14,845
	<u>2,530,123</u>	<u>2,390,748</u>

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

4. Members' remuneration

	2021 £	2020 £
Profit for the year before members' remuneration	5,710,580	13,057,969
Members' remuneration charged as an expense	(5,710,580)	(13,057,969)
Profit for the year available for discretionary division among members	-	-
	2021 No.	2020 No.
Average number of members in the year	11	12
	£	£
Remuneration and profit allocation in respect of the member with the largest entitlement to remuneration and profit	799,912	2,598,823

5. Staff costs

	2021 £	2020 £
Wages and salaries	6,492,946	9,441,659
Social security costs	914,882	1,309,467
Pension costs	274,053	368,058
	7,681,881	11,119,184
The average monthly number of employees of the LLP during the year was as follows:		
	2021 No.	2020 No.
Administration	16	21
Investment advisory	20	25
	36	46

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

6. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Leasehold improvements</i>
	2021	2020
	£	£
Cost:		
At 1 January	222,675	222,675
At 31 December	222,675	222,675
Depreciation:		
At 1 January	206,593	191,748
Provided during the year	14,845	14,845
At 31 December	221,438	206,593
Net book value		
At 31 December	1,237	16,082

7. Long-term deposit

	2021	2020
	£	£
Balance at 1 January	2,973,559	4,460,339
Amount released during the year	1,486,780	1,486,780
Balance at 31 December	1,486,779	2,973,559

The balance at 1 January 2021 and 2020 consists of the LLP's long term non-interest bearing deposit required to collateralise a bank guarantee provided by a third party in relation to rental payments on the LLP's premises. The guarantee expires on 31 January 2023 and is collateralised with cash.

8. Debtors

	2021	2020
	£	£
Trade debtors	2,175	64,104
Amounts owed by related undertaking	3,593,391	5,879,657
VAT receivable	325,164	267,525
Other debtors	3,058,536	7,767,714
Prepayments	812,212	988,560
	7,791,478	14,967,560

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to related undertaking	42,625	21,640
Trade creditors	748,132	24
Interest payable	59,696	143,161
Accruals	2,412,002	4,204,616
	<u>3,262,455</u>	<u>4,369,441</u>

Amounts due to members rank pari passu with the balances disclosed above in the event of a winding up of the LLP.

10. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Balance at 1 January	2,973,559	4,460,339
Amounts repaid during the year	1,486,780	1,486,780
Balance at 31 December	<u>1,486,779</u>	<u>2,973,559</u>

The balance above relates to a promissory note payable to PEP LLC on 31 January 2023. The sterling value of the amount required to settle the promissory note is fixed at an exchange rate of \$1.9772 per £1.00 and the note incurs interest at a rate of 5.24% per annum. The balance is unsecured.

11. Financial commitments

The LLP has extended its lease for office space at 28 St. George Street until 1 June 2023. At 31 December 2021 the LLP had future minimum commitments under non-cancellable operating leases for land and buildings falling due for payment as set out below:

	<i>Land and buildings</i>	
	2021	2020
	£	£
Amounts due:		
Within one year	1,836,800	1,607,200
In one to five years	459,200	-
After five years	-	-
	<u> </u>	<u> </u>

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

12. Related party transactions

During the year, the LLP earned fee income in respect of investment advisory fees it provides from the following:

	2021	2020
	£	£
PEP LLC	16,584,133	30,398,626
Providence Strategic Growth Capital Partners L.L.C.	1,711,335	-
Providence Strategic Growth LLP	589,089	-
Total advisory fees	18,884,557	30,398,626

At year end, the following amounts were due in relation to these services:

	2021	2020
	£	£
PEP LLC	2,603,412	5,695,469
Providence Strategic Growth Capital Partners L.L.C.	-	-
Providence Strategic Growth LLP	292,391	-
Total amount due in relation to advisory fees	2,895,803	5,695,469

At year end, there was £19,775 (2020 – £39,296) due from PEP LLC in relation to general operating expenses.

At year end, there was £7,323,249 (2020 – £7,696,889) due to the Parent in relation to undrawn profit allocations. Members' remuneration of (£198,943) (2020 – (£225,908)) was allocated to the Parent for the year ended 31 December 2021 and this entity contributed £26 to the LLP during the year and took drawings of £772,696 during year ended 31 December 2020.

At year end, there was £3,468 (2020 – £3,494) due from the Parent in relation to general operating expenses.

Transactions with individual members during the year are shown in the "Reconciliation of Members' Interests". These individuals are considered to be the only individuals that represent the key management personnel of the LLP. Remuneration of £2,920,557 (2020 - £6,319,902) was due to members at year end.

The LLP had a loan balance due to PEP LLC (refer to note 10 for details). Interest expense on this loan during the year was £59,696 (2020- £143,161).

13. Parent company and ultimate controlling party

The Parent and PEP LLC are both companies registered in the United States.

Providence Equity LLP

Notes to the financial statements

at 31 December 2021

14. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2021	2020
	£	£
Operating profit	5,582,711	13,017,873
Depreciation	14,845	14,845
Interest receivable	-	217
(Increase)/decrease in debtors	7,176,082	(1,951,796)
Increase/(decrease) in creditors	(1,106,986)	740,493
Effect of exchange rates on cash and cash equivalents	46,832	40,892
Rental payments received	276,539	275,783
Net cash inflow from operating activities	11,990,023	12,138,307

15. Post balance sheet events

There are no significant events subsequent to the Statement of Financial Position date which require adjustments to the financial statements.